

CHECKLIST ENVIRONMENTAL ASSESSMENT

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| Project Name: | Continental Abernathy 1-16H |
| Proposed Implementation Date: | 2013 |
| Proponent: | Continental Resources, Inc. |
| Location: | T23N-R52E-Sec 16 NE ¼, NW1/4 |
| County: | Richland County |

I. TYPE AND PURPOSE OF ACTION

Continental Resources has requested to construct a pad site and drill for oil on the mentioned section of State Trust Land. This project will include the construction of the pad site, road and tank battery. After the construction of the ground work the drilling operation will begin. The effected site will be approximately 5 acres in size and drilling operations will take upwards of two months to complete. After completion of drilling the pad site will be pulled back to the absolute minimum of space necessary to conduct operations. Minimal cut and fill operations would be necessary to level the pad. Pits will be placed on cuts only. This well will be drilled into the Bakken formation.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project.

Continental Resources is in the process of completing the proper applications to begin drilling and construction of the well site. The field review of the project has been completed. The target time frame for the project to start is in 2013/2014.

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

Approved Application to Permit Drilling from the DNRC Board of Oil and Gas.

3. ALTERNATIVES CONSIDERED:

Alternative A- Allow Continental to construct the well site and begin drilling

Alternative B- No Action

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.

Alternative A- Some soil disturbance will occur at the drill site, supply pipeline pad and access road. This disturbance will be minimal in nature. There are no fragile soils at this site. Reclamation will include sloping and filling of all cuts as well as the pit. Should this project be abandoned in the future all aggregate material from the pad site will be removed as well. Stockpiled subsoil and topsoil would be replaced and the pad site would be re-contoured to a natural slope.

Alternative B- No Impact.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.

Alternative A- No Significant Impact expected. Well will be cased and cemented to prevent impacts to ground water.

Alternative B- No Impact

6. AIR QUALITY:

What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.

Alternative A- Pollutants and Particulates may be increased during the construction of the project. After the completion of the project pollutant and particulate levels should return to normal.

Alternative B- No Impact

7. VEGETATION COVER, QUANTITY AND QUALITY:

What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.

Alternative A- There will be disruption to some of the vegetation currently growing at the site. The project is located on native range land. Forage production on the site is very good; there will be slight impact to the volume of grass production. Species present on the site include Western Wheatgrass (*Agropyron smithii*), Green Needlegrass (*Stipa viridula*), Blue Bunch Wheatgrass (*Agropyron spicatum*), Crested Wheatgrass (*Agropyron cristatum*), Prairie Sandreed (*Calamovilfa longifolia*), Little Bluestem (*Schizachyrium scoparium*) Needle and Thread (*Stipa comata*), Prairie Junegrass (*Koeleria pyramidata*), Blue Grama (*Bouteloua gracilis*), Threadleaf Sedge (*Carex filifolia*), Sandberg Bluegrass (*Poa secunda*), Big Sagebrush (*Artemisia tridentata*), Silver Sagebrush (*Artemisia cana*), Fringed Sagewort (*Artemisia frigida*), Broom Snakeweed (*Gutierrezia sarothrae*), Downy Brome (*Bromus tectorum*) and Japanese Brome (*Bromus japonicus*) After the reclamation has taken place the site will be seeded back to native grass species specified by the Eastern Land Office staff.

Alternative B- No Impact

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

Alternative A- There may be some temporary disruption to the wildlife that inhabit this area. Disruption to the wildlife should be temporary and minimal in nature.

Alternative B- No Impact

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

Alternative A- A search of the Montana Natural Heritage Database shows no threatened or endangered species within the project area.

Alternative B- No Impact

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

Alternative A- Upon inspection of the parcels by the Eastern Land Office staff no significant findings were noted within the area of the project. A search of the TLMS database shows stone circles noted approximately ¼ mile southeast of the project area. This site would not be disturbed by this project. The scope of this project is relatively small and no significant impacts should take place.

Alternative B- No Impact

11. AESTHETICS:

Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.

Alternative A- This will change the appearance of the landscape, through the addition of a pumping unit as well as the pad site and access road. Noise levels may be increased during the project but will return to normal after the completion. Should this project be abandoned the proponent will be responsible for the reclamation of the project site.

Alternative B- No Impact

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:

Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

Alternative A-This project would have an effect on the amount of limited hydrocarbon resources in the area. The amount of oil to be extracted is currently unknown.

Alternative B- No Impact

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

None

| IV. IMPACTS ON THE HUMAN POPULATION |
|---|
| <ul style="list-style-type: none">• RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.• Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.• Enter "NONE" if no impacts are identified or the resource is not present. |

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

Alternative A- There may be potential health and safety risks for laborers but the potential risk is minimal with proper safety efforts.

Alternative B- No Impact

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

Alternative A- It would have a positive effect on industrial, commercial activities and production in the area.

Alternative B- No Impact

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.

Alternative A- This project has the potential to create jobs with further development possibilities.

Alternative B- No Impact

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.

Alternative A- Potential tax revenue is currently unknown at this time.

Alternative B- No Impact

18. DEMAND FOR GOVERNMENT SERVICES:

Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services

Alternative A- Traffic may be increased but this is a remote area so little assistance would be needed. Traffic increases would consist of oil well construction, servicing and monitoring personnel and vehicles. There would be little or no need for additional government services.

Alternative B- No Impact

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

Alternative A- No significant Impact

Alternative B- No Impact

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:

Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

Alternative A- Recreational opportunities should stay mostly unchanged. The Drilling operations could affect the recreational potential of the section. This should only be a temporary impact to a small area of the tract.

Alternative B- No Impact

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.

Alternative A- No Impact expected

Alternative B- No Impact

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

Alternative A- No Impact expected

Alternative B- No Impact

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

Alternative A- No Impact expected

Alternative B- No Impact

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:

Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.

Alternative A- Allowing this project would generate revenue for the school trust through a surface damage payment and minerals royalties, the amount of which is currently unknown at this time.

Alternative B- No Impact

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| EA Checklist Prepared By: | Name: Scott Aye | Date: 7-1-2013 |
| | Title: Land Use Specialist | |

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| V. FINDING |
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25. ALTERNATIVE SELECTED:

Alternative A

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

The granting of the requested permit to drill for oil on this parcel of state owned trust lands for the proposed Continental Abernathy 1-16H Well should not result in nor cause significant environmental impacts. The predicted environmental impacts have been identified and mitigated through the current mineral lease stipulations. The predicted impacts will be adequately mitigated through the construction and reclamation plans. The proposed action satisfies the trusts fiduciary mandate and ensures the long term productivity of the land. An environmental assessment checklist is the appropriate level of analysis for the proposed action

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

☐ EIS ☐ More Detailed EA ☒ No Further Analysis

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| EA Checklist Approved By: | Name: Marc Aberg |
| | Title: Eastern Land Office; Lands Program Manager |
| Signature: | Date: |